

EXECUTIVE SECRETARIAT

Routing Slip

JK
ME
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TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	D/ICS				
4	DD/NFA				
5	DD/A				
6	DD/O				
7	DD/S&T				
8	Chm/NIC				
9	GC				
10	IG				
11	Compt				
12	D/EEO				
13	D/Pers				
14	D/OPP				
15	C/EAS/OPP				
16	C/IAS/OPP				
17	AO/DCI				
18	NIO/ECON		X		
19	OGI/DDD		X (Attn:		
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SUSPENSE		Date			

Remarks:

Executive Secretary
27 Jan 82

Date

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DATE OF DOC 1 27 82		DATE REC'D 1 28 82		WHITE HOUSE		CONTROL NO. DDI 730-82	
		DATE		SUSPENSE DATE		CROSS REFERENCE OR POINT OF FILING	
TO DCI FROM Craig L. Fuller SUBJ. COUNCIL ON ECONOMIC AFFAIRS --- Minutes of Jan 21 Meeting <div style="text-align: right;">lcy lcy</div>						ROUTING	DATE SENT
						NIO/ECON	
						OCI	
COURIER NO.		ANSWERED		NO REPLY			

THE WHITE HOUSE
WASHINGTON

Executive Registry
82-42319

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: 1/27/82 NUMBER: 050142CA DUE BY: -----
SUBJECT: CABINET COUNCIL ON ECONOMIC AFFAIRS -- Minutes of January 21 Meeting

ACTION		FYI	ACTION		FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Baker	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vice President	<input type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input type="checkbox"/>	Anderson	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	Gray	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input type="checkbox"/>	Beal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input type="checkbox"/>	<input type="checkbox"/>	Allen Lenz	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	Larry Kudlow	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<u>CIA</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCCT/Kass	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/McClaughry	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS: Attached for your information are the minutes of the January 21 meeting of the Cabinet Council on Economic Affairs.

RETURN TO:

Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

CONTACT: Kenneth Cribb, Jr.
Assistant Director
Office of Cabinet Affairs
456-2800

MINUTES
CABINET COUNCIL ON ECONOMIC AFFAIRS

January 21, 1982
8:45 a.m.
Roosevelt Room

Attendees: The Vice President, Messrs. Regan, Donovan, Lewis, Block, Schweiker, Edwards, Stockman, Brock, Weidenbaum, Anderson, Porter, Darman, Wright, Sprinkel, Jordan, Kudlow, Gray, Hopkins, Ernst, Garrett, Beech, Cicconi, Dederick, Hudson, Hemel, Medas, and Ms. Constable.

1. International Economic Developments

Under Secretary Sprinkel reported on recent discussions between U.S. and senior foreign officials on several international economic policy issues. His presentation first focused on the appropriate role of the International Monetary Fund (IMF) including consideration of competing priorities at the IMF between granting loans for short-term liquidity purposes and long-term development purposes, the importance of greater conditionality in IMF credit agreements, and arguments concerning whether new special drawing rights are needed at this time. He indicated that there appears to be general foreign support for U.S. efforts to achieve increased discipline and conditionality at the IMF.

Mr. Sprinkel then discussed the growing international concern about the profitability of the World Bank, the U.S. emphasis on maturation, graduation, and cofinancing, and our opposition to the concept of an energy affiliate.

He reported the concerns of many foreign officials over U.S. fiscal policy, the effect of high U.S. interest rates on other nation's economies, concern over the volatility of U.S. monetary policy, and the desire for a more active U.S. role in exchange market intervention.

2. Review of the Economic Outlook

The Council reviewed a paper on the economic outlook prepared by Lawrence Kudlow of the Office of Management and Budget.

Mr. Kudlow's presentation focused on the downward trend of the inflation rate over the last year, the rise in interest rates over the last two months, the likely timing of an economic recovery from the current recession and

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Minutes
January 21, 1982
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and the sustainability of that recovery, indications from the futures markets concerning interest rate patterns over the next two years, revisions over the last year of future budget outlays, and the effect of new deficit information in December on interest rate changes at that time.

Mr. Kudlow also discussed monetary developments over the last several months, and centered his observations on the surge of money supply growth since November, and the combined economic impact of expansionary monetary policy and prospective large deficits.

The Council's discussion centered on the relative impacts of monetary and fiscal policies, the likely length of the recession if current interest rates continue, and the difficulty high interest rates pose for corporations that need to reconsolidate their balance sheets.

The Council also discussed procedures the Federal Reserve might use to reduce short-term money growth fluctuations, the technical implementation of Federal Reserve monetary policies, the difference in banking practices between the Federal Reserve and European central banks, and administration responses to inquiries concerning monetary policy.

RBP